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CENTRAL INTELLIGENCE AGENCY

23 June 1958

MEMORANDUM FOR: Mr. Allan Evans, State (OIRA)
Colonel E. T. Seaburn, USA (ACSI)
Captain W. S. Howell, USN (ONI)
Colonel R. B. Hibbert, USAF (AFCIN 2B2)
Colonel Dale M. Garvey, USA (JIG)

SUBJECT : NIE 41-58: PROBABLE DEVELOPMENTS IN JAPAN

1. The attached terms of reference were agreed on at the meeting of the IAC representatives on 23 June.
2. All agencies are invited to contribute to any section within their competence to do so.
3. It is requested that contributions be received in this office by the close of business on 15 September 1958.

William P. Bundy
WILLIAM P. BUNDY
Deputy Assistant Director
National Estimates

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C E N T R A L I N T E L L I G E N C E A G E N C Y

23 June 1958

TERMS OF REFERENCE: NIE 41-58: PROBABLE DEVELOPMENTS IN JAPAN

THE PROBLEM

To analyze recent trends and to estimate probable developments in Japan over the next five years, with particular emphasis on Japan's international position and orientation.

(Scope note: Japan's international orientation will provide the central theme of this paper, as was the case in NIE 41-56. However, important economic and political developments require new estimative treatment, not only as they bear upon the question of international orientation but also in terms of Japan's economic and political prospects. Throughout the paper we hope to focus on the nature of the revolution taking place in values and attitudes in post-independence Japan, and its impact on Japan's domestic and foreign affairs.)

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QUESTIONS

A. The Nature and Force of Japanese Attitudes

1. After six years of independence, what are the dominant social patterns and values which have emerged in Japan.

a. To what extent do they represent new, post-war forms? Traditionalist forms? A vacuum, or absence of meaningful forms?

b. What images of Japan and its destiny are held by the Japanese people?

c. Throughout the Japanese population, what are the levels of awareness and the intensity of concern regarding national and international questions, as contrasted with immediate, local needs and aspirations?

d. To what extent and in what manner are the government and the political parties responsive to public attitudes and values?

e. To what extent, if any, are these attitudes bringing about more effective representative government? Greater political and social stability? A greater sense of national purpose and self-confidence?

f. What are the prospects for a resurgence of militarism?

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2. What are the principal attitudes influencing Japan's conduct of foreign affairs?

a. Is fear of nuclear war an overriding concern among the Japanese? To what extent?

b. To what degree and in what manner are respect for Bloc power and susceptibilities to Bloc inducements offset in the Japanese mind by: The activities of the Japanese Communist Party? Soviet nuclear testing? Trade difficulties with Communist China and the USSR? The Kuriles? Japanese POW's? Frictions over fishing rights? Other frictions with the Bloc?

c. To what degree and in what manner are respect for the US and awareness of the benefits of alignment with the US offset in the Japanese mind by: Problems of trade with the US? US nuclear testing in the Pacific? Soviet scientific and technological successes? Okinawa and the Bonins? Frictions arising over the stationing of US troops in Japan? Other frictions with the US?

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d. To what degree is there developing a desire, within the government and among the Japanese at large, for a more independent foreign policy? What are the principal causes of this desire? How would the Japanese define this "more independent" policy?

e. To what extent is there developing in Japan an awareness of its international responsibilities, and, to this end, of the necessity for domestic sacrifices and discipline? To what extent, if any, is rearmament, or a greater military effort, being accepted? To what extent are the Japanese accepting the need to produce advanced weapons or the need to permit stationing of advanced weapons in Japan.

3. What is the nature and the significance of dissatisfactions among Japan's youth and intellectuals? To what extent is this helpful, harmless, or a dangerous potential for the future?

B. Political Prospects

1. What significant political trends were revealed by the 1958 Diet elections?

2. Analyze the Liberal Democratic (Government) Party in terms of its composition, sources of support, leadership, factionalism, and major strengths and weaknesses. What are its principal policies and programs? What are its chances of implementing these policies and what problems will it face?

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3. Same questions for the Socialist Party.
4. Same questions for the ultra-nationalists.
5. Same questions for the Japanese Communist Party. What are the relationships between the Japanese Socialists and Communists on the one hand, and the USSR and Communist China on the other hand?
6. What are Premier Kishi's chances of remaining in power? What developments might threaten his position? What individuals would be most likely to succeed him, and what policy changes would they seek to make?
7. What significant political trends are likely over the next five years?

C. Economic Trends and Prospects

1. Analyze the major characteristics of the Japanese economy. Include treatment of population, production and productivity, employment, living standards, nature and direction of foreign trade, balance of trade and balance of payments, foreign exchange reserves, budgeting, finance, and taxation.
2. What is the nature and significance of Japan's major economic problems.

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3. What roles in Japan's economic and political life are played by organized labor? Industrial combines?

4. What economic trends are likely in Japan over the next five years?

a. What trends are likely in Japan's economic relations with the US? With the non-Bloc countries of South and Southeast Asia? With the rest of the non-Bloc areas? Include discussion of trade patterns, capital investment, economic and technical assistance, reparations.

b. What trends are likely in Japan's economic relations with the Communist Bloc? What pressures and inducements can the Bloc exercise to increase trade and economic contact with Japan? How susceptible is the Japanese government to these pressures and inducements? What controls does Japan now exercise on trade with China and what pressures within Japan exist for revision? If all restrictions were removed what could be the magnitude and significance of trade with the Bloc? What are the Japanese views on this question?

5. Are there likely to be scientific or technical advances in Japan over the next five years which will have a significant impact on the Japanese economy? If so, identify those advances and analyze their impact.

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D. Security Prospects

1. What are the principal factors affecting Japanese defense policies? To what extent do these policies reflect a consensus among military and top political leaders on strategic concepts for the defense of Japan? To what extent do they reflect the impact of US influence, adjustments to the prevailing political climate, and economic considerations?
2. Discuss the question of Japan's constitutional limitations on military forces in terms of domestic political issues foreign policy problems, and defense needs. Is the constitution likely to be amended?
3. What is the strength, disposition, organization, equipment, morale, and capabilities of Japan's military forces?
4. What recent modifications have occurred in US-Japanese military and defense arrangements, including the extent of US military assistance? What is Japan's financial contribution to its armed forces and to US forces in Japan? What is the significance of these figures in terms of economic and political effects on the government and the country?
5. What is the extent and character of Japan's armament production, and what are its plans for the future?
6. What is the strength, organization, and effectiveness of Japan's police forces? What are their capabilities against Communist subversion, demonstrations, and riots?

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7. What are the probable developments over the next five years in Japan's military strength, defense policies and programs, armaments production, and internal security? Are military leaders, or the military as a group, likely to play a greater role in political affairs?

E. Prospects for Japan's International Position and Orientation

1. What differences exist among major parties and groups concerning Japan's foreign affairs role and orientation?
2. What problems are most likely to become major issues in US-Japanese relations over the next five years? How intense?
3. Same question for Bloc-Japanese relations.
4. Same question for Japan's relations with the Western Europe and non-Communist Asia.
5. Over the next five years, how will Japan's economic and political problems affect its role in world affairs?
6. Assuming no major changes in the Asian situation, what developments in Japan's international position and orientation are likely over the next five years? Give particular attention to Japan's relations with the US and the Bloc and its prospects for playing an influential role in non-Communist Asia.

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F. The Effect of Contingent Developments

What would be the principal effects upon Japan's strength, stability, and orientation in the event of:

1. A major, prolonged recession in the US?
2. Changes in US policy and attitudes toward Japan?
3. A substantial rise in Japanese trading opportunities in Asia as a consequence of major changes in the trade policies of: (1) The US; (2) Communist China; (3) accelerated economic development in Southeast Asia?
4. Communist China's entry into the UN, or its general acceptance as a recognized and respectable world power?
5. Substantially greater Communist influence in Indonesia? Elsewhere in Asia?
6. A US-Chinese Communist limited war arising in the Far East? Would Japanese bases be available for US use?
7. A detente, or effective disarmament agreement, between the USSR and the West?